

Illinois-American Water Company  
Zone 1  
Statement of Operating Income with Adjustments  
For the Test Year Ending September 30, 2013

Line No.	Description	Company Rebuttal Case Pro Forma Adjusted (Appendix B, p. 4, Column (g))	Approved Adjustments (Appendix B, p. 4, column (i))	Pro Forma Present (Cols. b+c)	Company Proposed Increase (Company Update & Rebuttal)	Gross Revenue Conversion Factor	Rates With Ordered Adjustments (Cols. d+e+f)	Adjustment To Proposed Increase	Operating Statement Per Order (Cols. g+h)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Tariff Revenue	\$ 154,023,904	\$ 1,607,478	\$ 155,631,382	\$ 26,418,020	\$ (244)	\$ 182,049,158	\$ (12,525,045)	\$ 169,524,113
2	Other Revenue	2,161,185	-	2,161,185	-	-	2,161,185	-	2,161,185
3	Total Operating Revenue	156,185,089	1,607,478	157,792,567	26,418,020	(244)	184,210,343	(12,525,045)	171,685,298
4	Uncollectible Accounts Expense	1,335,390	13,664	1,349,054	224,797	(246)	1,573,605	(106,463)	1,467,142
5	Labor	18,646,572	-	18,646,572	-	-	18,646,572	-	18,646,572
6	Fuel & Power	4,640,877	161,000	4,801,877	-	-	4,801,877	-	4,801,877
7	Chemicals	7,395,245	-	7,395,245	-	-	7,395,245	-	7,395,245
8	Waste Disposal	709,983	-	709,983	-	-	709,983	-	709,983
9	Service Company Fees	15,497,082	(2,624)	15,494,458	-	-	15,494,458	-	15,494,458
10	Group Insurance	4,759,819	-	4,759,819	-	-	4,759,819	-	4,759,819
11	Pensions	2,425,448	-	2,425,448	-	-	2,425,448	-	2,425,448
12	Regulatory Expense	738,534	(41,677)	696,857	-	-	696,857	-	696,857
13	Insurance - other	2,242,077	-	2,242,077	-	-	2,242,077	-	2,242,077
14	Customer Accounting	2,012,021	-	2,012,021	-	-	2,012,021	-	2,012,021
15	Rents	627,843	-	627,843	-	-	627,843	-	627,843
16	General Office Expense	1,551,061	-	1,551,061	-	-	1,551,061	-	1,551,061
17	Maintenance - other	4,930,561	-	4,930,561	-	-	4,930,561	-	4,930,561
18	Miscellaneous	8,280,764	(39,213)	8,241,551	-	-	8,241,551	-	8,241,551
19	Depreciation & Amortization	30,687,807	-	30,687,807	-	-	30,687,807	-	30,687,807
20	Taxes other than Income	10,576,889	-	10,576,889	-	-	10,576,889	-	10,576,889
21	Total Operating Expense								
22	Before Income Taxes	117,057,973	91,150	117,149,123	224,797	(246)	117,373,674	(106,463)	117,267,211
23	State Income Tax	1,016,056	54,890	1,070,946	1,161,602	(1)	2,232,547	(550,727)	1,681,820
24	Federal Income Tax	6,514,886	414,001	6,928,887	8,761,066	2	15,689,955	(4,153,755)	11,536,200
25	Deferred Taxes and ITCs Net	1,440,144	-	1,440,144	-	-	1,440,144	-	1,440,144
26	Total Operating Expenses	126,029,059	560,041	126,589,100	10,147,465	(245)	136,736,320	(4,810,945)	131,925,375
27	NET OPERATING INCOME	\$ 30,156,030	\$ 1,047,437	\$ 31,203,467	\$ 16,270,555	\$ 1	\$ 47,474,023	\$ (7,714,100)	\$ 39,759,923
28	Rate Base (Appendix B, p. 5)								\$ 525,924,872
29	Overall Rate of Return Per Order								7.56%
30	Revenue Change (Col. (i) Line 3 minus Col. (d), Line 3)								\$ 13,892,731
31	Percentage Revenue Change (Col. (i), Line 30 divided by Col. (d), Line 3)								8.80%

**Illinois-American Water Company**  
**Zone 1**  
**Statement of Operating Income with Adjustments**  
**For the Test Year Ending September 30, 2013**

Line No.	Description	Company Pro Forma Present Adjusted (Company Schedule C-2)	Company Update Adjustments	Company Rebuttal Adjustments	Company Rebuttal GRCF Adj.	Company Rebuttal Case Pro Forma Adjusted
	(a)	(b)	(c)	(d)	(e)	(f)
1	Tariff Revenue	\$ 154,190,895	\$ (166,755)	\$ -	\$ (236)	\$ 154,023,904
2	Other Revenue	2,305,117	(143,932)	-	-	2,161,185
3	Total Operating Revenue	156,496,012	(310,687)	-	(236)	156,185,089
4	Uncollectible Accounts Expense	1,335,454	182	-	(246)	1,335,390
5	Labor	19,141,826	(483,640)	(11,614)	-	18,646,572
6	Fuel & Power	6,052,534	(1,411,657)	-	-	4,640,877
7	Chemicals	7,400,837	(5,592)	-	-	7,395,245
8	Waste Disposal	709,983	-	-	-	709,983
9	Service Company Fees	15,754,329	(244,707)	(12,540)	-	15,497,082
10	Group Insurance	4,764,059	(4,240)	-	-	4,759,819
11	Pensions	2,405,692	19,756	-	-	2,425,448
12	Regulatory Expense	763,632	(25,098)	-	-	738,534
13	Insurance - other	2,242,077	-	-	-	2,242,077
14	Customer Accounting	2,012,021	-	-	-	2,012,021
15	Rents	627,843	-	-	-	627,843
16	General Office Expense	1,641,895	-	(90,834)	-	1,551,061
17	Maintenance - other	4,930,561	-	-	-	4,930,561
18	Miscellaneous	8,290,929	(10,165)	-	-	8,280,764
19	Depreciation & Amortization	30,770,438	(82,631)	-	-	30,687,807
20	Taxes other than Income	10,611,740	(34,851)	-	-	10,576,889
21	Total Operating Expense					
22	Before Income Taxes	119,455,850	(2,282,643)	(114,988)	(246)	117,057,973
23	State Income Tax	890,000	120,914	5,154	(12)	1,016,056
24	Federal Income Tax	5,838,000	637,999	38,865	22	6,514,886
25	Deferred Taxes and ITCs Net	1,440,144	-	-	-	1,440,144
26	Total Operating Expenses	127,623,994	(1,523,730)	(70,969)	(236)	126,029,059
27	NET OPERATING INCOME	\$ 28,872,018	\$ 1,213,043	\$ 70,969	\$ -	\$ 30,156,030

# Illinois-American Water Company

## Zone 1

### Adjustments to Operating Income

For the Test Year Ending September 30, 2013

Line No.	Description	Interest Synchronization (Appendix B, p. 9)	Rate Case Expense (Per Order)	Social/Service Memberships (Staff Ex. 11.0 Sch. 11.2 Corrected)	Management Audit Costs (Per Order)	Call Center Expansion Costs (Per Order)	Chemical Expense (Per Order)	Revenue Adjustment (AG Ex 1.03) (AG Ex 2.2, C-1)	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Tariff Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,719,286	\$ 1,719,286
2	Miscellaneous Revenue	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	1,719,286	1,719,286
4	Uncollectible Accounts Expense	-	-	-	-	-	-	14,614	14,614
5	Labor	-	-	-	-	-	-	-	-
6	Fuel & Power	-	-	-	-	-	-	161,000	161,000
7	Chemicals	-	-	-	-	-	-	-	-
8	Waste Disposal	-	-	-	-	-	-	-	-
9	Service Company Fees	-	-	-	-	(2,624)	-	-	(2,624)
10	Group Insurance	-	-	-	-	-	-	-	-
11	Pensions	-	-	-	-	-	-	-	-
12	Regulatory Expense	-	(41,677)	-	-	-	-	-	(41,677)
13	Insurance - other	-	-	-	-	-	-	-	-
14	Customer Accounting	-	-	-	-	-	-	-	-
15	Rents	-	-	-	-	-	-	-	-
16	General Office Expense	-	-	-	-	-	-	-	-
17	Maintenance - other	-	-	-	-	-	-	-	-
18	Miscellaneous	-	-	(39,213)	-	-	-	-	(39,213)
19	Depreciation & Amortization	-	-	-	-	-	-	-	-
20	Taxes other than Income	-	-	-	-	-	-	-	-
21	Total Operating Expense	-	-	-	-	-	-	-	-
22	Before Income Taxes	-	(41,677)	(39,213)	-	(2,624)	-	175,614	92,100
23	State Income Tax	(12,354)	1,848	1,739	-	116	-	68,457	59,806
24	Federal Income Tax	(93,179)	13,940	13,116	-	878	-	516,326	451,081
25	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
26	Total Operating Expenses	(105,533)	(25,889)	(24,358)	-	(1,630)	-	760,397	602,987
27	NET OPERATING INCOME	\$ 105,533	\$ 25,889	\$ 24,358	\$ -	\$ 1,630	\$ -	\$ 958,889	\$ 1,116,299

Illinois-American Water Company  
Zone 1  
Adjustments to Operating Income  
For the Test Year Ending September 30, 2013

Line No.	Description	Subtotal Operating Statement Adjustments	Scott AF Base Large User Tariff IAWC Exhibit 5.02 SR	(Source)	(Source)	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(a)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	Tariff Revenue	\$ 1,719,286	\$ (111,808)	\$ -				\$ -	\$ 1,607,478
2	Miscellaneous Revenue	-	-	-	-	-	-	-	-
3	Total Operating Revenue	1,719,286	(111,808)	-	-	-	-	-	1,607,478
4	Uncollectible Accounts Expense	14,614	(950)	-	-	-	-	-	13,664
5	Labor	-	-	-	-	-	-	-	-
6	Fuel & Power	161,000	-	-	-	-	-	-	161,000
7	Chemicals	-	-	-	-	-	-	-	-
8	Waste Disposal	-	-	-	-	-	-	-	-
9	Service Company Fees	(2,624)	-	-	-	-	-	-	(2,624)
10	Group Insurance	-	-	-	-	-	-	-	-
11	Pensions	-	-	-	-	-	-	-	-
12	Regulatory Expense	(41,677)	-	-	-	-	-	-	(41,677)
13	Insurance - other	-	-	-	-	-	-	-	-
14	Customer Accounting	-	-	-	-	-	-	-	-
15	Rents	-	-	-	-	-	-	-	-
16	General Office Expense	-	-	-	-	-	-	-	-
17	Maintenance - other	-	-	-	-	-	-	-	-
18	Miscellaneous	(39,213)	-	-	-	-	-	-	(39,213)
19	Depreciation & Amortization	-	-	-	-	-	-	-	-
20	Taxes other than Income	-	-	-	-	-	-	-	-
21	Total Operating Expense Before Income Taxes	92,100	(950)	-	-	-	-	-	91,150
22	State Income Tax	59,806	(4,916)	-	-	-	-	-	54,890
23	Federal Income Tax	451,081	(37,080)	-	-	-	-	-	414,001
24	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
25	Total Operating Expenses	602,987	(42,946)	-	-	-	-	-	560,041
26	NET OPERATING INCOME	\$ 1,116,299	\$ (68,862)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,047,437

**Illinois-American Water Company**  
**Zone 1**  
**Rate Base**  
**For the Test Year Ending September 30, 2013**

Line No.	Description	Company Rebuttal Case Pro Forma Adjusted (Appendix B, p. 6, column (e))	Approved Adjustments (Appendix B, p. 7, column (i))	Ordered Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Utility Plant in Service	\$ 976,376,154	\$ -	\$ 976,376,154
2	Less: Accumulated Depreciation	<u>(334,575,387)</u>	<u>-</u>	<u>(334,575,387)</u>
3	Net Utility Plant in Service	641,800,767	-	641,800,767
4	Construction Work in Progress	\$ -	\$ -	\$ -
5	Utility Plant Acquisition Adj. - DuPage	-	-	-
6	Additions to Rate Base			
7	Cash Working Capital	588,000	(882,000)	(294,000)
8	Materials & Supplies	3,188,607	-	3,188,607
9	Deferred Charges - Tank Painting	7,961,624	-	7,961,624
10	FAS 109 Reg. Asset-Net of Liability	1,188,161	-	1,188,161
11	Service Company Audit Costs	768,583	-	768,583
12	-	-	-	-
13	-	-	-	-
14	-	-	-	-
15	Deductions From Rate Base			
16	Customer Advances	(47,656,078)	-	(47,656,078)
17	Pension Asset (Liability)	7,403,613	(7,403,613)	-
18	OPEB Liability	(1,496,655)	-	(1,496,655)
19	Contributions in Aid of Construction	(61,772,833)	-	(61,772,833)
20	Accum. Depr. On CIAC	19,218,306	-	19,218,306
21	Budget Payment Plan	(3,651)	-	(3,651)
22	Deferred Federal Income Taxes	(35,461,518)	(42,494)	(35,504,012)
23	Deferred State Income Taxes	(1,472,403)	-	(1,472,403)
24	Investment Tax Credit - pre 1971	<u>(1,544)</u>	<u>-</u>	<u>(1,544)</u>
25	Rate Base	<u>\$ 534,252,979</u>	<u>\$ (8,328,107)</u>	<u>\$ 525,924,872</u>

Illinois-American Water Company  
Zone 1  
Rate Base  
For the Test Year Ending September 30, 2013

Line No.	Description	Company Pro Forma Present Adjusted (Company Schedule B-1)	Company Update	Company Rebuttal	Company Rebuttal Case Pro Forma Adjusted
	(a)	(b)	(c)	(d)	(e)
1	Gross Utility Plant in Service	\$ 977,593,518	\$ (1,217,364)	\$ -	\$ 976,376,154
2	Less: Accumulated Depreciation	(336,159,307)	1,613,610	(29,690)	(334,575,387)
3	Net Utility Plant in Service	641,434,211	396,246	(29,690)	641,800,767
4	Construction Work in Progress	\$ -	-	\$ -	\$ -
5	Utility Plant Acquisition Adj. - DuPage	-	-	-	-
6	Additions to Rate Base				
7	Cash Working Capital	(49,000)	648,000	(11,000)	588,000
8	Materials & Supplies	3,188,607	-	-	3,188,607
9	Deferred Charges - Tank Painting	7,961,821	(197)	-	7,961,624
10	FAS 109 Reg. Asset-Net of Liability	1,231,213	(43,052)	-	1,188,161
11	Service Company Audit Costs	270,498	498,085	-	768,583
12		-	-	-	-
13		-	-	-	-
14		-	-	-	-
15	Deductions From Rate Base	-	-	-	-
16	Customer Advances	(47,656,078)	-	-	(47,656,078)
17	Pension Asset (Liability)	8,134,971	(731,358)	-	7,403,613
18	OPEB Liability	(1,502,178)	5,523	-	(1,496,655)
19	Contributions in Aid of Construction	(61,772,833)	-	-	(61,772,833)
20	Accum. Depr. On CIAC	19,218,306	-	-	19,218,306
21	Budget Payment Plan	(3,651)	-	-	(3,651)
22	Deferred Federal Income Taxes	(34,980,560)	(480,958)	-	(35,461,518)
23	Deferred State Income Taxes	(1,386,976)	(85,427)	-	(1,472,403)
24	Investment Tax Credit - pre 1971	(1,544)	-	-	(1,544)
25	Rate Base	\$ 534,086,807	\$ 206,862	\$ (40,690)	\$ 534,252,979

**Illinois-American Water Company**  
**Zone 1**  
**Adjustments to Rate Base**  
**For the Test Year Ending September 30, 2013**

Line No.	Description	Cash Working Capital (Appendix B, p. 12, Column (F))	Pension Asset (Staff Ex. 10.0, Sch. 10.1)	Management Audit Costs (Per Order)	FIN 48 ADIT (AG Ex. 2.2)	(Source)	(Source)	(Source)	Total Rate Base Adjustments
	(a)	(b)	(e)	(e)	(e)	(f)	(g)	(h)	(i)
1	Gross Utility Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Less: Accumulated Depreciation	-	-	-	-	-	-	-	-
3	Net Utility Plant in Service	-	-	-	-	-	-	-	-
4	Construction Work in Progress	-	-	-	-	-	-	-	-
5	Utility Plant Acquisition Adj. - DuPage	-	-	-	-	-	-	-	-
6	Additions to Rate Base								
7	Cash Working Capital	(882,000)	-	-	-	-	-	-	(882,000)
8	Materials & Supplies	-	-	-	-	-	-	-	-
9	Deferred Charges - Tank Painting	-	-	-	-	-	-	-	-
10	FAS 109 Reg. Asset-Net of Liability	-	-	-	-	-	-	-	-
11	Service Company Audit Costs	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-
15	Deductions From Rate Base								
16	Customer Advances	-	-	-	-	-	-	-	-
17	Pension Asset (Liability)	-	(7,403,613)	-	-	-	-	-	(7,403,613)
18	OPEB Liability	-	-	-	-	-	-	-	-
19	Contributions in Aid of Construction	-	-	-	-	-	-	-	-
20	Accum. Depr. On CIAC	-	-	-	-	-	-	-	-
21	Budget Payment Plan	-	-	-	-	-	-	-	-
22	Deferred Federal Income Taxes	-	986,506	-	(1,029,000)	-	-	-	(42,494)
23	Deferred State Income Taxes	-	-	-	-	-	-	-	-
24	Investment Tax Credit - pre 1971	-	-	-	-	-	-	-	-
25	Rate Base	<u>\$ (882,000)</u>	<u>\$ (6,417,107)</u>	<u>\$ -</u>	<u>\$ (1,029,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,328,107)</u>

Illinois-American Water Company  
Revenue Effect of Adjustments  
Zone 1  
Statement of Operating Income with Adjustments

Line No.	Description	IAWC Proposal	Approved Adjustments	Ordered Increase
	(a)	(b)	(c)	(d)
1	<b>Summary</b>			
2	Current Revenues	\$ 156,185,089	1,607,478	\$ 157,792,567
3	<b>Proposed Increase</b>	<b>26,418,020</b>	<b>(12,525,289)</b>	<b>13,892,731</b>
4	Proposed Revenue Requirement	\$ 182,603,109	\$ (10,917,811)	\$ 171,685,298
5	<b>Percentage Increase</b>	<b>16.91 %</b>	<b>(8.11)%</b>	<b>8.80 %</b>
6	<b>Effect of Each Ordered Adjustment</b>			
7	Rate of Return		\$ (9,802,103)	
8	Interest Synchronization (Appendix B, p. 9)		(328,867)	
9	Pension Asset (Staff Ex. 10.0, Sch. 10.1)		(666,316)	
10	Cash Working Capital (Appendix B, p. 12, Column (F))		(91,582)	
11	FIN 48 ADIT (AG Ex. 2.2)		(106,846)	
12	Chemical Expense (Per Order)		-	
13	Rate Case Expense (Per Order)		(42,035)	
14	Social/Service Memberships (Staff Ex. 11.0 Sch. 11.2 Corrected)		(39,549)	
15	Call Center Expansion Costs (Per Order)		(2,647)	
16	Gross Revenue Conversion Factor		(244)	
17	Management Audit Costs (Per Order)		-	
18	Revenue Adjustment (AG Ex 1.03) (AG Ex 2.2, C-1)		(1,556,905)	
19	Scott AF Base - LUT		111,808	
20				
21	Remove Revenue Effect of Adjustment		1,556,905	
22	Plus Fuel and Power Increase and Related Uncollectibles		162,369	
23				
24	Remove Revenue Effect of Scott AF Base Revenue Adjustment		(111,808)	
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37	Rounding		9	
38	Effect of Ordered Adjustments		<b>\$ (10,917,811)</b>	
39	<b>Reconciliation to Appendix B, page 1</b>			
40	Column (c), line 3		1,607,478	
41	Column (f), line 3: Gross Revenue Conversion Factor		(244)	
42	Column (h), line 3: Adjustment to Proposed Increase		(12,525,045)	
43	Total Effect of Ordered Adjustments		<b>\$ (10,917,811)</b>	



Illinois-American Water Company  
Zone 1  
Interest Synchronization Adjustment  
For the Test Year Ending September 30, 2013

Line No.	Description	Amount
	(a)	(b)
1	Rate Base	\$ 525,924,872 (1)
2	Weighted Cost of Debt	3.07% (2)
3	Synchronized Interest Per Order	16,145,894
4	Company Interest Expense	<u>15,867,313</u> (3)
5	Increase (Decrease) in Interest Expense	<u>278,581</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 4.435%	<u>\$ (12,354)</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ (93,179)</u>

- (1) Source: Appendix B, p. 5, Column (d), line 25  
(2) Source: Appendix B, p. 11, Column (e), line 10 + line 11  
(3) Source: Company Rebuttal (IAWC Ex. 5.05R)

**Illinois-American Water Company**  
**Zone 1**  
**Gross Revenue Conversion Factor**  
**For the Test Year Ending September 30, 2013**

Line No.	Description	Rate	Per Order With Bad Debts	Per Order Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	0.8500%	<u>0.008500</u>	
3	State Taxable Income		0.991500	1.000000
4	State Income Tax	4.43474%	<u>0.043970</u>	<u>0.044347</u>
5	Federal Taxable Income		0.947530	0.955653
6	Federal Income Tax	35.0000%	<u>0.331635</u>	<u>0.334479</u>
7	Operating Income		<u>0.615894</u>	<u>0.621174</u>
8	Gross Revenue Conversion Factor Per Order		<u>1.623655</u>	<u>1.609855</u>

Illinois-American Water Company  
 Zone 1  
 Overall Cost of Capital  
 For the Test Year Ending September 30, 2013

Line No.	Description	Amount	Percent of Total	Percent of Cost	Weighted Component	Effective Tax Rates (1)	After-Tax Cost of Capital
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	<u>PER COMPANY</u>						
2	Short Term Debt	2,096,981	0.26%	0.76%	0.00%	37.8826%	0.0012%
3	Long Term Debt	393,851,938	48.92%	6.07%	2.97%	37.8826%	1.8447%
4	Preferred Stock	-	0.00%	0.00%	0.00%		0.0000%
5	Common Stock	409,076,426	50.82%	11.25%	5.72%		5.7167%
6	Total	<u>\$ 805,025,345</u>	<u>100.00%</u>		<u>8.69%</u>		<u>7.5626%</u>
7							
8							
9	<u>PER ORDER</u>						
10	Short Term Debt	1,300	1.300%	0.52%	0.01%	37.8826%	0.0042%
11	Long Term Debt	50,600	50.600%	6.04%	3.06%	37.8826%	1.8984%
12	Preferred Stock	-	0.000%	0.00%	0.00%		0.0000%
13	Common Stock	48,100	48.100%	9.34%	4.49%		4.4925%
14	Total	<u>\$ 100.00</u>	<u>100.000%</u>		<u>7.56%</u>		<u>6.3951%</u>
15							
16							
17	<u>EFFECTIVE TAX RATE</u>						
18	State Income Tax Rate	4.4347%					
19	Federal Income Tax Rate	35.0000%					
20							
21	Effective Tax Rate	<u>37.8826%</u>	[State Rate + ((1- State Rate) x Federal Rate)]				

**Illinois-American Water Company**  
**Zone 1**  
**Cash Working Capital Adjustment**  
**For the Test Year Ending September 30, 2013**

Line No.	Item	Amount <sup>(1)</sup>	Average Daily Amount (C)/365 (D)	Expense (Lead)/Lag <sup>(2)</sup> (E)	Cash Requirement (D)*(E) (F)	Source (G)
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Revenue	\$ 172,049,522				Appendix B, page 13, line 3
2	Return on Equity	(23,627,175)				Appendix B, page 13, line 13
3	Uncollectible Accounts	(1,467,142)				
4	Total Depr/Amortization	(32,170,536)				Appendix B, page 13, line 7
5						
6	Net Revenues	\$ 114,784,669	\$ 314,479	43.82	\$ 13,780,450	Sum Lines 1 through 4
7						
8	Labor	\$ 18,646,572	51,086	(13.07)	(667,701)	
9	Fuel and Power	4,801,877	13,156	(40.55)	(533,469)	
10	Chemicals	7,395,245	20,261	(40.90)	(828,673)	
11	Purchased Water	364,224	998	(45.93)	(45,832)	Co. Schedule C-2.5
12	Waste Disposal	709,983	1,945	(43.13)	(83,895)	
13	Bus Support Serv-Serv Co	15,494,458	42,451	9.22	391,394	
14	Group Insurance	4,759,819	13,041	4.40	57,379	
15	Pensions	2,425,448	6,645	18.50	122,934	
16	Insurance Other than Group	2,242,077	6,143	42.39	260,388	
17	Customer Accounting	2,012,021	5,512	(62.82)	(346,288)	
18	Rents	627,843	1,720	(6.00)	(10,321)	
19	General Office	1,551,061	4,249	(32.20)	(136,833)	
20	Maintenance	4,144,689	11,355	(57.67)	(654,861)	Appendix B, page 13, line 10
21	Miscellaneous	8,241,551	22,580	(44.99)	(1,015,856)	
22						
23	Total O&M Expenses	\$ 73,416,868			(3,491,633)	Sum Lines 8 through 21
24						
25	General Taxes	10,576,889	28,978	(142.91)	(4,141,214)	
26	Federal Income Tax - Current	11,536,200	31,606	(76.89)	(2,430,187)	(3)
27	State Income Tax - Current	1,681,820	4,608	(37.50)	(172,790)	(3)
28	Deferred Taxes and ITCs Net	1,440,144	3,946	0.00	-	(3)
29	Interest Expense	16,145,894	44,235	(86.78)	(3,838,742)	Appendix B, p. 9, line 3
30						
31	Subtotal Other Expenses	\$ 41,380,947			(10,582,933)	Sum Lines 25 through 29
32	Total Expenses	\$ 114,797,815				Line 23 + Line 31
33	Total Cash Working Capital Requirement per Order (Rounded to nearest \$1,000)				\$ (294,000)	Line 6 + Line 23 + Line 31
34						
35	Cash Working Capital per Company				588,000	IAWC Ex. 6.03R
36						
37	Ordered Adjustment				\$ (882,000)	Line 33 - Line 35

Source:

- (1) Amounts from IAWC Ex. 6.03R, except where noted.
- (2) IAWC Ex. 6.03R
- (3) Split-out of Current and Deferred Taxes Per Order

Illinois-American Water Company  
Zone 1  
Cash Working Capital Adjustment  
For the Test Year Ending September 30, 2013

Line No. (A)	Item (B)	Amount (C)	Source (D)
1	Total Operating Revenue	\$ 171,685,298	Appendix B, p. 1, line 3, column (i)
2	Surcharge Revenue	364,224	Co. Schedule C-2.5
3	Total Revenue	<u>\$ 172,049,522</u>	Line 1 + Line 2
4	Depr/Amortization per Income Statement	\$ 30,687,807	Appendix B, p. 1, line 19, column (i)
5	Amortization of Rate Case Expense	696,857	Appendix B, p. 1, line 12, column (i)
6	Reclassify Amortization of Tank Painting	785,872	IAWC Schedule B-10
7	Total Depr/Amortization for CWC	<u>\$ 32,170,536</u>	Sum of lines 4 through 6
8	Maintenance-other per Income Statement	\$ 4,930,561	Appendix B, p. 1, line 17, column (i)
9	Reclassify Amortization of Tank Painting	785,872	Line 6
10	Total Maintenance-other for CWC	<u>\$ 4,144,689</u>	Line 8 - Line 9
11	Total Rate Base	\$ 525,924,872	Appendix B, p. 1, line 28, column (i)
12	Weighted Cost of Capital	4.49%	Appendix B, p. 11, Column (e), line 13
13	Return on Equity Deduction from Revenue	<u>\$ 23,627,175</u>	Line 11 x Line 12